



CITY OF DURHAM | NORTH CAROLINA

Date: May 9, 2011

To: Thomas J. Bonfield, City Manager
Through: Theodore L. Voorhees, Deputy City Manager
From: Ed Venable, Manager of Engineering and Stormwater
Robert Joyner, Assistant Manager
Subject: Update on Failed and Struggling Developments

Executive Summary

Public Works has developed a working procedure with the Attorney's Office for moving these developments to completion. The Attorneys office will pursue sureties as necessary to ensure compliance with security responsibilities.

In the specific case of Stone Hill Estates and Ravenstone, a letter was sent requesting a response by yesterday April 20, 2011. Public Works has not yet received a written response from the surety. Appropriate future correspondence on the issue will be under the Attorney office's letterhead and direction.

Recommendation

The Department of Public Works recommends that the City Council receive the update on Failed and Struggling Developments.

Background

Over the past two years the Development Review Group of the Department of Public Works has been dealing with bankrupt and restructured developments to make sure that public infrastructure and other required improvements are completed. The group has been instrumental in negotiations with financial institutions, insurance companies, restructured developments, and purchased bankrupt developments with the goal of ensuring the completion of public infrastructure improvements through either completion of the construction or payment of the available construction security.

Issues/Analysis

Public Works has developed a working procedure with the Attorney's Office for moving these developments to completion. The Attorney's office developed a checklist for the use of Public Works to guide us in the gathering of all pertinent information to analyze each development's issues. Public Works will provide the Attorney's office with the relevant documents which may include construction securities, developer agreements, extension agreements, maintenance agreements and other documentation. Public Works

is currently working through completion of the checklist for the seven identified Failed Developments. Inclusive of this preparatory work is an assessment of the remaining work and determination of what is essential and what is non essential at this time. Following this assessment a meeting will be conducted with the development residents and property owners to inform them of staff's findings, and to hear their concerns and desires. This will be followed by a meeting with Council to authorize proceeding along the selected course of action and determine assessment recommendations, if necessary. The Attorneys office will pursue sureties as necessary to ensure compliance with security responsibilities.

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Alternatives

The Alternatives section is not applicable for this update.

Financial Impact

The Financial Impact section is not applicable for this update.

SDBE Summary

The SDBE Summary is not applicable for this update.